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February 4, 2008

Richard W. Wieking
Clerk of the Court
USDC Northern District of California
450 Golden Gate Avenue
San Francisco, CA 94102

BCD Semiconductor Corporation, et al. v. Power Integrations, Inc.
USDC Case Number: 3:08-cv-0372-MEJ

Dear Mr. Wieking:

Today, Declaratory-Judgment Plaintiffs, BCD Semiconductor Corporation and Shanghai SIM-BCD Semiconductor Manufacturing, Co., Ltd. (Collectively, "BCD") filed two documents with this Court:

- (1) Request for Reassignment to a United States District Judge for Trial and Disposition; and
- (2) Notice of Pendency of Other Action or Proceeding.

Since the first document will result in the reassignment of this case, BCD wishes to inform the Court of this case's history in case the Court finds it relevant for the purposes of reassignment.

The dispute between the parties began on June 14, 2007, when Power Integrations filed a complaint in this district against BCD asserting the same patents involved in the present declaratory judgment action. That case was captioned "Power Integrations, Inc. v. BCD Semiconductor Corporation and Shanghai SIM-BCD Semiconductor Manufacturing, Co., Ltd., No. C 07-03137" and was ultimately assigned to the Honorable William Alsup.

Two days before a scheduled Case Management Conference with Judge Alsup, Power Integrations dismissed its complaint and filed a new action in Delaware asserting the same patents against BCD. As reported in the Notice of Pendency of Other Action or Proceeding, BCD has filed a motion to dismiss the Delaware action because the District of Delaware lacks jurisdiction over BCD. BCD's motion is still being briefed and no hearing has been scheduled on the motion.

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While BCD believes its motion to dismiss will be granted and that the dispute between the parties will be appropriately litigated in this Court, BCD has also informed Power Integrations that BCD will dismiss this action without prejudice or consent to its transfer to Delaware if the Delaware Court denies BCD's motion to dismiss.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Erik R. Puknys', with a long horizontal flourish extending to the right.

Erik R. Puknys

cc: Michael Headley, Esq.

ERP/nos